

# Defense Contract Management Command



## CIVIL MILITARY INTEGRATION

*Group Leaders Conference*

*February 29-March 3, 2000*



# Agenda

- Civil Military Integration
- Strategic Supplier Alliances
- SPI



# What is CMI?

“Civil Military Integration, eliminating the distinction between doing business with the government and other buyers, is critical to meeting our future military, economic, and policy objectives.”

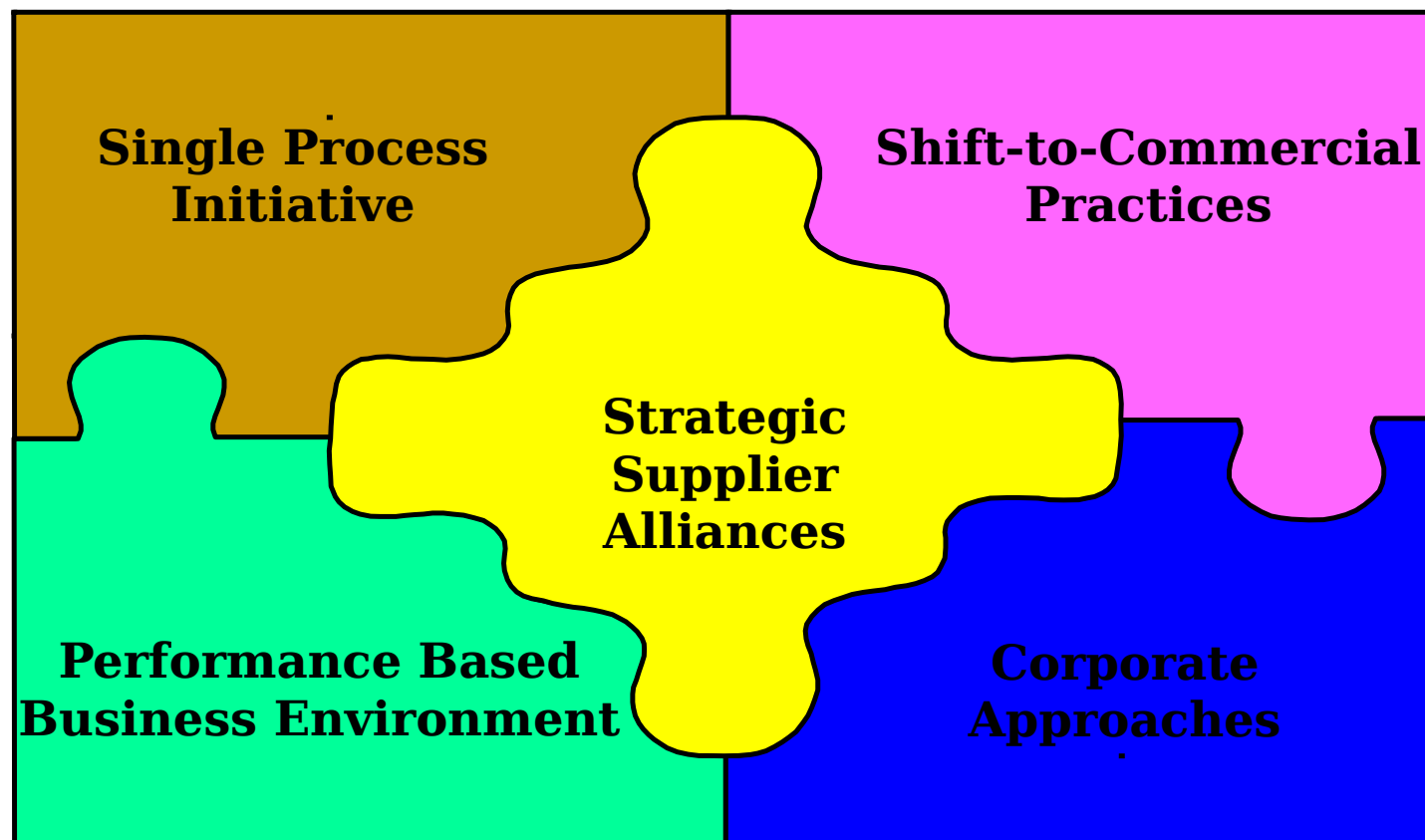


# Why Do CMI?

- Preserve national security objectives capability
- Maintain global economic competitiveness
- Facilitate commercial procurement
- Promote common/dual-use technologies
- Leverage resources and investments
- Lower total ownership cost



# What is CMI?



Many Other Pieces — Integration Is Key



# Who does CMI & how?

- Contract Administration Offices
  - Already active in Acquisition Reform
  - Identify opportunities
  - Get buy-in from contractors & customers
  - Implement using SPI, Strategic Supplier Alliances, Integrated Digital Environment, etc.



# Who does CMI & how?

- HQ/Districts
  - Support CAO efforts through legislative, regulatory and policy changes
  - Identify internal DCMC targets of opportunity
  - Communicate efforts across the DCMC
- SPI Executive Council
  - High level representation
  - Ensure continued focus and offer solutions to challenges



# What's happening today?

- Shift to commercial
  - “Commercial” facilities & processes
  - Commercial designations IPT
- Developing DCMC CMI targets for FY 2000



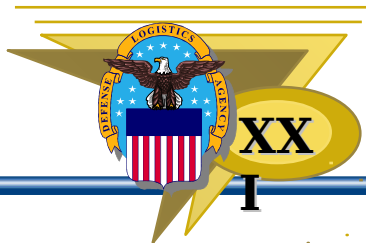
# **Strategic Supplier Alliances**



# What is a Strategic Supplier Alliance?

- On-going relationship between buying and supplying firms
- Commitment over a specified time period
- Mutual sharing of information; it may include the sharing of risks and rewards of the relationship.

**AN ESTABLISHED SUPPLIER RELATIONSHIP**  
***“A Business Agreement outside of the  
contract  
that supports current and future buys”***

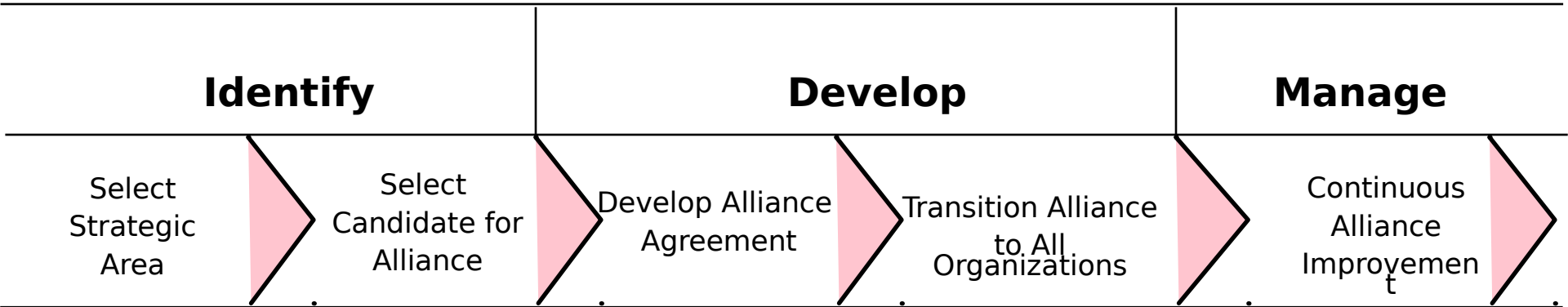


# Why do Strategic Supplier Alliances?

- Ensure sector/corporate-wide approach to achieve “critical mass” on CMI
- Expand opportunities for innovation
- Provide workload & workforce stability
- Can result in cost, schedule and technical benefits for DoD and contractors, lower total ownership costs



# Strategic Supplier Alliance Process



Use existing management council infrastructure to develop & deploy



# Strategic Supplier Alliance Roles

- **Contract Administration Offices**
  - Become knowledgeable
  - Actively solicit ideas
  - Pursue through Management Councils
  - Employ District/HQ assistance
- **HQ/Districts**
  - Identify technical, management and financial criteria
  - Identify pilot candidates



# What's Happening Today?

- New One Book chapter and Fast Start Kit
- Pilot efforts underway:
  - Honeywell (AlliedSignal) - Quality Assurance
  - Goodyear Tire Co. - Payment & Delivery
  - Rockwell Collins - Commercial Initiatives (FAR 12)
  - Raytheon Company - Parts Control

# **Single Process Initiative**



# Why do SPI?

- Provides method to implement AR goals in existing contracts
- Fosters Conversion, Consolidation, and Modernization
- Positions Industry for PBBE
- Key to Civil and Military Integration
- Leaner & Cheaper Industrial Output

***Opportunity for  
Competitive Advantage***





# Who does SPI & how?

- Contract Administration Offices
  - Actively solicit good ideas
  - Get contractor & customer buy-in
  - Ensure active & productive Management Council(s)
  - Elevate for sector/corporate level implementation
  - Update SPI System database regularly



# Who does SPI & how?

- HQ/Districts
  - Initiate legislative & regulatory changes
  - Provide assistance
  - Share success stories
- SPI Management Team
  - Develop policy, training & other tools
  - Provide executive support
  - Furnish policy guidance & technical assistance
- SPI Executive Council
  - Facilitate the process



# Why continue to do SPI?

- SPI plays a major role in CMI
  - Establishes partnerships between industry & gov't
  - Fosters “win-win” situation for both
  - Confirms this is truly a journey which requires a long-term commitment to shift cultural thinking
- Still work to be done
  - Performance environment - Not there yet
  - Proposals & concepts beginning to surface that are more difficult but carry more potential for savings



# Where is SPI going?

- SPI Workshop Results
  - 60 recommendations resulted from workshop
  - All recommendations embraced by SPI Executive Council
  - Action plans established and progress being made
  - Information will soon be on web
- Packaging Pilot programs
  - Currently 2 pilots (Allied & GE/engines)
  - 30 - 60 additional proposals on the table
  - Possibility of an additional 6 targeting other commodities



# Conclusion

- Civil Military Integration
  - Facilitates Acquisition Reform efforts
  - Uses new/existing Acquisition Reform tools
  - Implemented by Commanders and Management Councils
  - Allows you to work smarter, not harder

**Visit Our Home Page**

<http://www.dcmc.hq.dla.mil>

*Under "Centers of Excellence,"  
please select  
Civil Military Integration (SPI)*



# Your workshop facilitators

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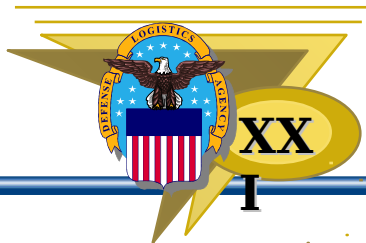
# Back-up Slides



# Shift to Commercial

- FAR allows commercial items and commercial services
- Some interest in declaring facilities and processes “commercial”
- Commercial Designations IPT
  - Looking for ways to “standardize” or make more consistent commercial designations
  - May designate certain Federal Supply Classes commercial
  - May establish central repository of commercial designations and appeal process





# DCMC CMI Targets

- Overarching
  - Strategic Supplier Alliances
- Business Operations
  - MOCAS transition
  - Implement Cost Accounting Standards Reform
  - Parametric development tests
  - Implement Government Property Reform



# DCMC CMI Targets

- Technical Operations
  - Eliminate Government unique requirements
  - Contractor logistics support
- Supplier Operations
  - Make business system reviews into performance-based reviews
  - Validate contractor performance before award
  - Facilitate Enterprise Resource Planning



# Strategic Supplier Alliance

## Current Alliances:

### Honeywell:

**Focus on Quality Assurance**

### Goodyear Tire:

**Focus on Delivery and Payment**

### Rockwell-Collins:

**Focus on Benefits from Lean Electronics Initiatives**

### Raytheon Company:

**Focus on Parts Control**

**Supplier Excellence**

**DCMC-OB**



# Strategic Supplier Alliance

## Quality Assurance Rapid Improvement Team

### SCOPE

To improve our approach to quality assurance with selected major suppliers by eliminating unnecessary source inspection and developing alternative methods of assuring quality.

### OBJECTIVES

Pursue Command-wide innovations and strategies that result in best business practices within overall managed business risks, **decreased response times, decreased administrative costs and no decrease in delivered product quality.**

**Supplier Excellence**



# Strategic Supplier Alliance

## *Expectations:*

- ✓ Eliminate **unnecessary** GSI
- ✓ Develop alternative methods of assuring quality

## QA RIT IMPLEMENTATION STRATEGY:

- ESTABLISH A LOCAL DCMC/CONTRACTOR TEAM
- DEVELOP A JOINT IMPLEMENTATION PLAN
- ASSESS CONTRACTOR MATURITY OF SIX SIGMA IMPLEMENTATION
- IDENTIFY KEY AREAS OF CONCERN
- ESTABLISH METRICS AND THRESHOLDS
- HARMONIZE/INTEGRATE THE IN-PLANT DCMC RISK HANDLING PLAN WITH THE CONTRACTOR'S QUALITY ASSURANCE PLAN

## *Outcome:*

- ✓ Satisfy DepSecDef
- ✓ Not alienate customers/workforce
- ✓ Motivate Supplier Excellence

**Supplier Excellence**



# Strategic Supplier Alliance



- Team X:**
- *Reviews Contract*
  - *Performs Risk Assessment*
  - *Develops Surveillance Plan*
  - *Works Process Improvements with Suppliers*
  - *Adjusts Surveillance as Risk Changes*

**Risk Assessment**

	1	2	3	4	5
5	L	M	H	H	H
4	L	M	M	H	H
3	L	M	M	M	H
2	L	L	L	M	M
1	L	L	L	L	M

- Goals**
- *Reduce to Low Risk*
  - *Move Source Acceptance to:*
    - *Alternate Release Procedures (ARP)*
    - *Certificate of Conformance (CoC)*
    - *Destination Acceptance*



# Strategic Supplier Alliance

**Supplier Excellence**

## Implementation Schedule

### HONEYWELL

- **PROTOTYPE IMPLEMENTATION AT SOUTH BEND  
- FEBRUARY 2000**
- **ESTABLISHMENT & TRAINING OF TRAVELING  
TEAMS - MARCH 2000**
- **FIRST ROUND "KICK OFF" AT 7-8 FACILITIES  
(PRIORITY 1) - APRIL-MAY 2000**
- **PRIORITY (2) FACILITIES BY DECEMBER 2000**
- **ALL OTHER HONEYWELL FACILITIES BY  
DECEMBER 2001**

**Integrated Product Team w/Customer,  
Contractor, DCMC, etc.**



# Strategic Supplier Alliance

## BENEFITS:

**Supplier Excellence**

- **Reduced procurement cost to the end-user** *(Both order purchasing transaction costs and infrastructure)*
- **Improved supplier product quality** *(With minimized need for source inspection)*
- **Faster delivery to the end user** *(And the elimination of back orders)*
- **Reduced total cost of ownership** *(Measured in purchase price and operational costs, over lifetime, for the same value delivered)*
- **Reduced inventory levels for both DoD and Suppliers** *(By moving more products to just-in-time/direct vendor delivery supply model)*
- **Improved strategic supplier satisfaction** *(Through more*





# Strategic Supplier Alliance

DCMC-OB POCs:

Supplier Excellence

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# Where is SPI going?

- SPI Workshop Results:
  - Focus Group 1: The Goodness of SPI
    - **Champion: Navy**
  - Focus Group 2: Corporate Council Interface
    - **Champion: Air Force**
  - Focus Group 3: To Escalate or Not to Escalate
    - **Champion: Army**
  - Focus Group 4: CTL Roles & Responsibilities
    - **Champion: Army**



# Where is SPI going?

- SPI Workshop Results (cont.):
  - Focus Group 5: Reprourement Issues
    - **Champion: DLA**
  - Focus Group 6: Reengineering the SPI Process
    - **Champion: DCMC Districts**
  - Focus Group 7: DCMC Roles & Responsibilities
    - **Champion: DCMC Districts**
  - Focus Group 8: Regulatory & Statutory Issues
    - **Champion: DDP/ AR**



# Where is SPI going?

- SPI Workshop Results (cont.):
  - Focus Group 9: DCAA Role: CBA
    - **Champion: DCAA**
  - Focus Group 10: Subcontractor Issues
    - **Champion: DCMC**